

**TOWN OF WAUKOMIS, OKLAHOMA  
WAUKOMIS, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2022**

**TOWN OF WAUKOMIS, OKLAHOMA**  
**TABLE OF CONTENTS**  
**For the fiscal year ended JUNE 30, 2022**

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	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
LIST OF PRINCIPAL OFFICIALS	3
REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis	4-10
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	11
Statement of Activities	12-13
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15-16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to Basic Financial Statements	20-31
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	32
Schedule of Town's Proportionate Share of Net Pension Liability – Oklahoma Fire Pension Retirement Plan	33
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	34-35
SCHEDULE OF FINDINGS AND RESPONSES	36
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES	37

## INDEPENDENT AUDITOR'S REPORT

To the Town Board of Trustees  
Town of Waukomis, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Waukomis, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Waukomis, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Waukomis, Oklahoma, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Waukomis, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waukomis, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waukomis, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waukomis, Oklahoma's ability to continue as a going concern for a reasonable period of time.

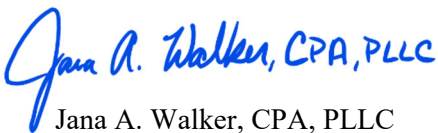
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 4–10 and 32–33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2023, on our consideration of the Town of Waukomis, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waukomis, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Waukomis, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 6, 2023

**TOWN OF WAUKOMIS, OKLAHOMA**

LIST OF PRINCIPAL OFFICIALS

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TOWN BOARD OF TRUSTEES

Brian Robinette, Mayor

Amber Sprague, Vice Mayor

Michael Hellman

Kevin Thedford

TOWN CLERK

Rachael Felber

Our discussion and analysis of the Town of Waukomis's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$1,264,032 for fiscal year 2022 compared to \$1,405,486 (net position) in fiscal year noting a decrease of 10% over prior year.
- The Town's total net position is comprised of the following:
  - 1) Net investment in capital assets of \$(120,488) include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - 2) Restricted assets of \$367,750 represent cash balances restricted largely for debt service payments and meter deposit obligations.
  - 3) Unrestricted net position of \$1,016,770 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$729,443 in the current fiscal year, compared to \$653,811 in the prior year.
- At the end of the current fiscal year unassigned fund balance for the General Fund was \$431,295 compared to \$491,461 in prior year.

## ABOUT THE TOWN

The Town is a Strong Mayor/Council form of government with a population of approximately 1,500 located in Garfield County in northern Oklahoma. The Town is governed by a five-member Council and operates under state law and Town ordinances through three branches of government:

- Legislative – the Town Council is a five-member governing body with four council members elected by ward and the mayor elected by the citizens at large
- Executive – the Town Mayor is the Chief Executive Officer and is elected by the citizens
- Judicial – the Municipal Judge is appointed by the Town Council

The Town provides typical municipal services such as public safety, street and alley maintenance, and through its Public Works Authority, certain utility services including water, wastewater and sanitation.

### ***The Town's Financial Reporting Entity***

This annual report includes all activities for which the Town's Board is financially accountable.

The activities, defined as the Town's financial reporting entity, are operated within separate legal entities that make up the primary government.

The Town's financial reporting entity includes the following separate legal entities:

- **The Town of Waukomis**– an incorporated Town that operates the public safety, streets and public works, cemetery, culture and recreation, and administrative activities of the Town
- **The Waukomis Public Works Authority (SPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, sewer and sanitation services of the Town, with the mayor and Town Council members serving as the chairman and board of trustees

## OVERVIEW OF THE FINANCIAL STATEMENTS

*Management's Discussion and Analysis* introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other financial factors such as diversification of the taxpayer base or the condition of the Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services provided by the Town.

The Town's financial reporting entity includes the funds of the Town (primary government) and organization for which the Town is accountable (component units). More comprehensive information about the Town's component units can be found in footnotes.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

The Town has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement demonstrates compliance with the Town's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town has one type of proprietary fund: enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization such as water and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

### Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

### Other information

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the Town's compliance with the approved and revised budget for the General Fund.

## A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Changes in net position may be used to discuss the changing financial position of the Town as a whole. The following table provides a summary of the Town's net position at June 30:

	Governmental Activities		Business-Type Activities		Totals		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Current assets	\$ 453,536	\$ 523,093	\$ 617,286	\$ 617,973	\$ 1,070,822	\$ 1,141,066	\$ (70,244)	-6%
Restricted assets	298,148	162,350	151,319	148,748	449,467	311,098	138,369	44%
Capital assets, net	222,358	206,554	2,375,154	2,677,831	2,597,512	2,884,385	(286,873)	-10%
<b>Total assets</b>	<b>974,042</b>	<b>891,997</b>	<b>3,143,759</b>	<b>3,444,552</b>	<b>4,117,801</b>	<b>4,336,549</b>	<b>(218,748)</b>	<b>-5%</b>
Deferred outflows	7,429	6,562	-	-	7,429	6,562	867	13%
Current liabilities	22,241	31,632	82,266	86,289	104,507	117,921	(13,414)	-11%
Liabilities Payable from								
Restricted Assets	-	-	81,820	79,330	81,820	79,330	2,490	3%
Non-current liabilities	13,901	27,961	2,648,000	2,710,000	2,661,901	2,737,961	(76,060)	-3%
<b>Total liabilities</b>	<b>36,142</b>	<b>59,593</b>	<b>2,812,086</b>	<b>2,875,619</b>	<b>2,848,228</b>	<b>2,935,212</b>	<b>(86,984)</b>	<b>-3%</b>
Deferred inflows	12,970	2,416	-	-	12,970	2,416	10,554	437%
Net investment in capital assets	222,358	206,554	(342,846)	(97,169)	(120,488)	109,385	(229,873)	-210%
Restricted	298,251	162,453	69,499	69,418	367,750	231,871	135,879	59%
Unrestricted	411,750	467,543	605,020	596,684	1,016,770	1,064,227	(47,457)	-4%
<b>Total net position</b>	<b>\$ 932,359</b>	<b>\$ 836,550</b>	<b>\$ 331,673</b>	<b>\$ 568,933</b>	<b>\$ 1,264,032</b>	<b>\$ 1,405,483</b>	<b>\$ (141,451)</b>	<b>-10%</b>

The Town reported positive fund balances in net position for both governmental and business-type activities. The Town's combined net position decreased \$141,451 or 10% between fiscal years 2021 and 2022.



Total assets of the Town were \$4,117,801, compared to \$4,336,549 in 2021, noting a 10% decrease. Capital assets purchased in the fiscal year totaled \$66,418 which is offset by \$353,291 in depreciation recorded during the year which created the decrease in assets.

Total liabilities of the Town were \$2,848,228, compared to \$2,935,212 in 2021, noting a 3% decrease. The Town's liabilities include payroll liabilities, debt held by the Town, and outstanding payments due to vendors. The decrease is attributable to payments made on outstanding debt consistent with scheduled requirements, as well as a decrease in outstanding payments due to vendors. The pension liability for the Town decreased by over \$14 thousand dollars during the year. The liability is calculated annually by a third-party actuary and reported to the Town.

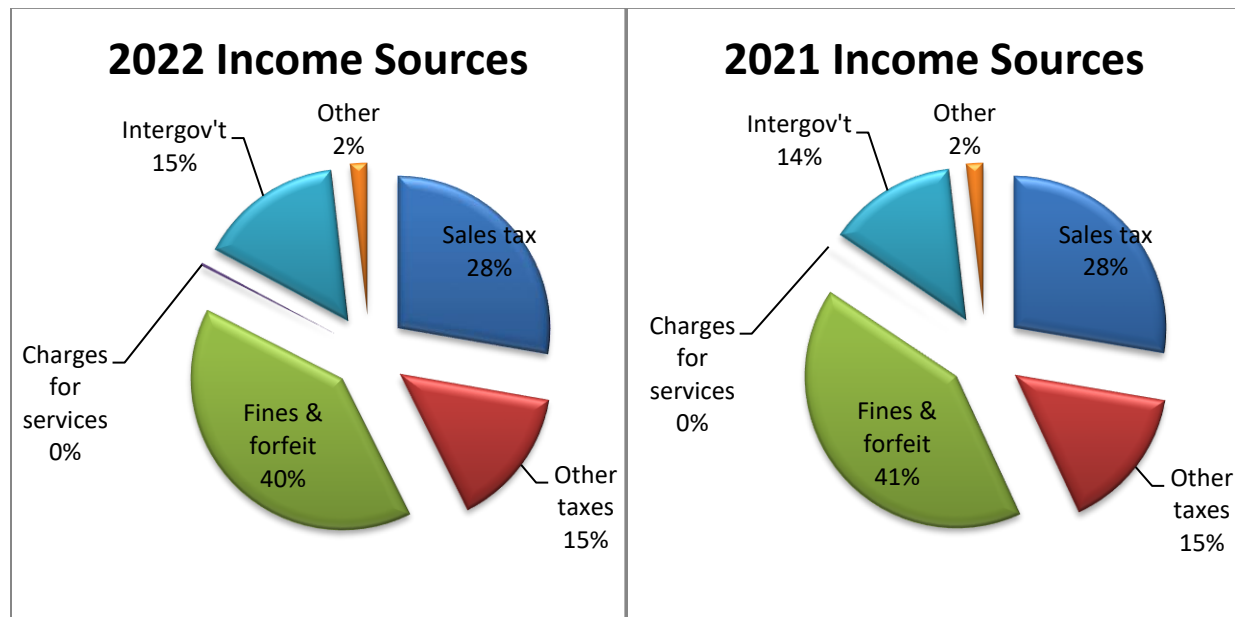
### Change in Net Position

	Governmental Activities		Business-type Activities		Totals		Change	
	2022	2021	2022	2021	2022	2021	\$	%
<b>Revenues</b>								
Program revenues	\$ 485,620	\$ 473,856	\$ 643,316	\$ 662,866	\$ 1,128,936	\$ 1,136,722	\$ (7,786)	-1%
Taxes and other general revenues	369,115	372,701	25,502	18,667	394,617	391,368	3,249	1%
<b>Total revenues</b>	<b>854,735</b>	<b>846,557</b>	<b>668,818</b>	<b>681,533</b>	<b>1,523,553</b>	<b>1,528,090</b>	<b>(4,537)</b>	<b>0%</b>
<b>Expenses</b>								
General government	221,870	308,809	-	-	221,870	308,809	(86,939)	-28%
Public safety and judiciary	526,178	389,437	-	-	526,178	389,437	136,741	35%
Transportation	15,213	3,416	-	-	15,213	3,416	11,797	345%
Recreation	4,849	5,145	-	-	4,849	5,145	(296)	-6%
Water	-	-	184,210	228,396	184,210	228,396	(44,186)	-19%
Sewer	-	-	404,990	386,783	404,990	386,783	18,207	5%
Sanitation	-	-	107,721	112,859	107,721	112,859	(5,138)	-5%
Customer service	-	-	199,973	166,121	199,973	166,121	33,852	20%
<b>Total expenses</b>	<b>768,110</b>	<b>706,807</b>	<b>896,894</b>	<b>894,159</b>	<b>1,665,004</b>	<b>1,600,966</b>	<b>64,038</b>	<b>4%</b>
Excess (deficiency) before transfers	86,625	139,750	(228,076)	(212,626)	(141,451)	(72,876)	(68,575)	94%
Transfers	9,184	4,429	(9,184)	(4,429)	-	-	-	0%
<b>Increase (decrease) in net position</b>	<b>\$ 95,809</b>	<b>\$ 144,179</b>	<b>\$ (237,260)</b>	<b>\$ (217,055)</b>	<b>\$ (141,451)</b>	<b>\$ (72,876)</b>	<b>\$ (68,575)</b>	<b>94%</b>

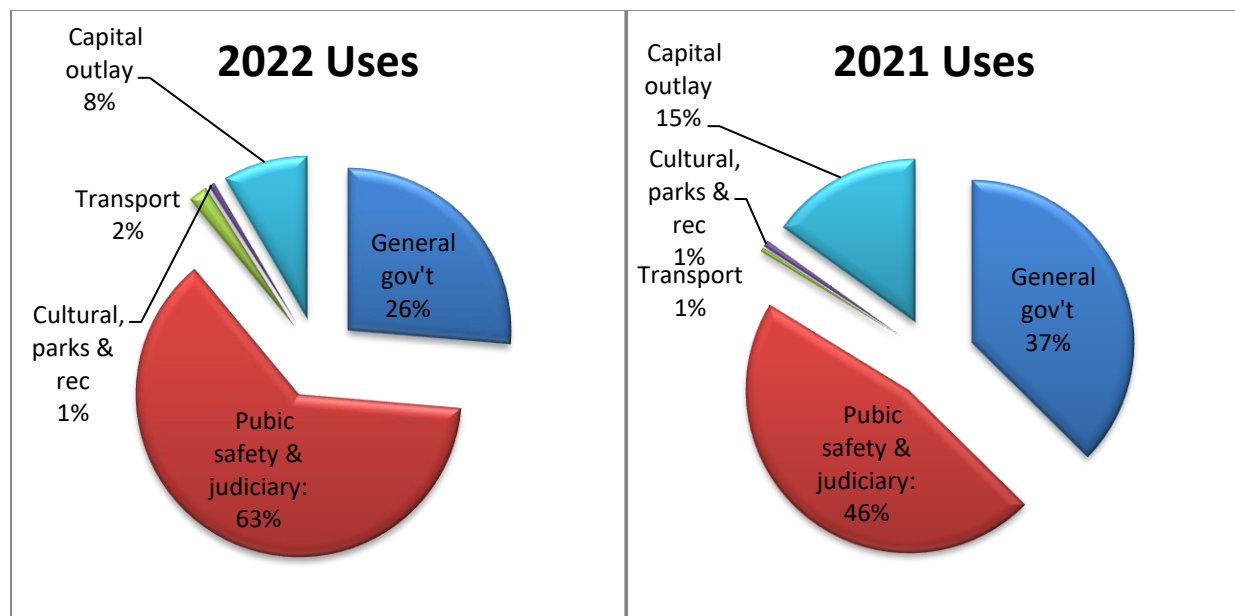
Total revenues for the Town remained consistent between years, noting a decrease of \$4,537. Program revenues for governmental activities consist of charges for services for the license and permit fees collected and fines and forfeitures collected by the police department. Program revenues for business-type activities consist of charges for water, sewer and sanitation services, penalties collected and grant revenues. During the year, the Town received over \$100,000 in operating grants mainly from the federal government related to the COVID-19 pandemic. Sales tax collections are a strong source of revenue for the Town.

Operating expenses for the Town increased 4% or \$64,038 during the fiscal year. Expenses shifted between departments but remained consistent overall.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities for fiscal year 2022.

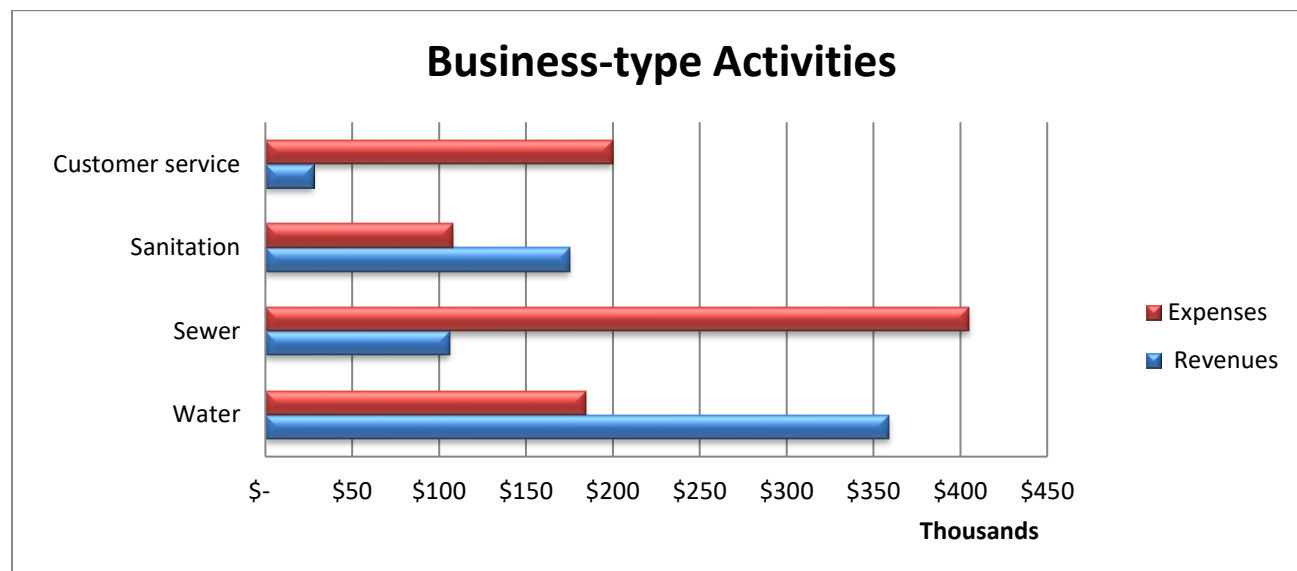


Total governmental revenues for fiscal year 2022 were \$850,362, compared to a total of \$845,052 in prior fiscal year. Fines and forfeitures provided the largest source of income at 40% of the Town's governmental revenues in fiscal year 2022 compared to 41% in prior year. Sales tax is the next largest source of revenue at 28%, consistent between years.



Total governmental activities cost \$783,914 for fiscal year 2022, compares to prior year total cost of \$783,583. Of this amount, public safety, and judiciary of \$490,819 was the largest operating service cost at 63% of total cost of services in 2022 which is an increase over prior year of \$363,450. General government expenses were the next largest use of funds at 26%, or \$206,615. These costs, as well as governmental activities expense, were primarily funded by tax revenues. It should be noted that governmental expenses were adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. For the government-wide full accrual statements, capital outlay expenses are eliminated, and capital assets reported.

### Business-type Activities



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, sewer and water activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

### General Fund Budgetary Highlights

The original adopted General Fund expenditure budget for fiscal year 2022 was \$776,000, compared to \$715,250 for fiscal year 2021. Total expenditures for the Town were \$728,979, which is \$47,021 less than the approved budget. The general fund overspent budgeted projections due to the capital assets purchased during the year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Refer to the table below for a summary of assets.

**Primary Government Capital Assets (net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Buildings	\$ -	\$ -	\$ 2,280	\$ 2,660	\$ 2,280	\$ 2,660
Other improvements	58,147	66,390	-	-	58,147	66,390
Machinery & equipment	164,211	140,164	22,604	30,659	186,815	170,823
Utility property & improvements	-	-	2,350,270	2,644,512	2,350,270	2,644,512
Totals	<u>\$ 222,358</u>	<u>\$ 206,554</u>	<u>\$ 2,375,154</u>	<u>\$ 2,677,831</u>	<u>\$ 2,597,512</u>	<u>\$ 2,884,385</u>

### Long-Term Debt

At year-end, the Town had \$2,661,901 in long-term debt outstanding. The Town's changes in long-term debt by type of debt are as follows:

<b>Primary Government Long-Term Debt</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Bonds Payable	-	-	2,718,000	2,775,000	2,718,000	2,775,000
Pension liability	13,901	27,961	-	-	13,901	27,961
Subtotal	13,901	27,961	2,718,000	2,775,000	2,731,901	2,802,961
less current portion	-	-	(70,000)	(65,000)	(70,000)	(65,000)
<b>Totals</b>	<b>\$ 13,901</b>	<b>\$ 27,961</b>	<b>\$ 2,648,000</b>	<b>\$ 2,710,000</b>	<b>\$ 2,661,901</b>	<b>\$ 2,737,961</b>

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

#### Economic Environment

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2022 Summer Update "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

#### Fiscal Year 2023 Planning

The Town has approved a budget for the municipal entity that encompasses the current market. The Town will further focus on priorities established by the elected officials, specifically maintaining a cash reserve and consideration of future capital improvements. Management is committed to provide a consistent level of service to citizens while improving the infrastructure and recreation opportunities of the community within the current constraints. For a copy of the most recent budget, please contact Town Hall.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's Office at 121 South Main Street, Waukomis, Oklahoma 73773.

**Town of Waukomis, Oklahoma**  
**Statement of Net Position**  
**June 30, 2022**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 177,601	\$ 547,610	\$ 725,211
Investments, including time deposits	158,308	-	158,308
Taxes receivable	34,565	-	34,565
Accounts receivable (net)	7,489	69,676	77,165
Prepaid assets	75,573	-	75,573
Total current assets	<u>453,536</u>	<u>617,286</u>	<u>1,070,822</u>
Restricted assets:			
Cash and cash equivalents	298,148	151,319	449,467
Total restricted assets	<u>298,148</u>	<u>151,319</u>	<u>449,467</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	222,358	2,375,154	2,597,512
Total noncurrent assets	<u>222,358</u>	<u>2,375,154</u>	<u>2,597,512</u>
Total assets	<u>\$ 974,042</u>	<u>\$ 3,143,759</u>	<u>\$ 4,117,801</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>7,429</u>	<u>-</u>	<u>7,429</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 5,710	\$ 3,907	\$ 9,617
Salaries and benefits payable	16,531	8,359	24,890
Bonds payable, current	-	70,000	70,000
Total current liabilities	<u>22,241</u>	<u>82,266</u>	<u>104,507</u>
Liabilities payable from restricted assets:			
Accrued interest payable	-	36,170	36,170
Customer deposits payable	-	45,650	45,650
Total liabilities payable from restricted assets	<u>-</u>	<u>81,820</u>	<u>81,820</u>
Noncurrent liabilities:			
Pension liability	13,901	-	13,901
Bonds payable, non-current	-	2,648,000	2,648,000
Total noncurrent liabilities	<u>13,901</u>	<u>2,648,000</u>	<u>2,661,901</u>
Total liabilities	<u>36,142</u>	<u>2,812,086</u>	<u>2,848,228</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>12,970</u>	<u>-</u>	<u>12,970</u>
<b>NET POSITION</b>			
Net investment in capital assets	222,358	(342,846)	(120,488)
Restricted	298,251	69,499	367,750
Unrestricted	411,750	605,020	1,016,770
Total net position	<u>\$ 932,359</u>	<u>\$ 331,673</u>	<u>\$ 1,264,032</u>

**Town of Waukomis, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 221,870	\$ 5,527	\$ 120,782	\$ -	\$ (95,561)
Total general government	221,870	5,527	120,782	-	(95,561)
Public safety and judiciary:					
Police	375,210	339,089	-	-	(36,121)
Fire	39,009	-	4,763	-	(34,246)
Animal control	2,290	-	-	-	(2,290)
Municipal court	106,403	-	-	-	(106,403)
Emergency management	3,266	-	-	-	(3,266)
Total public safety and judiciary	526,178	339,089	4,763	-	(182,326)
Transportation:					
Streets	15,213	-	12,893	-	(2,320)
Total transportation	15,213	-	12,893	-	(2,320)
Recreation:					
Parks	4,849	2,566	-	-	(2,283)
Total recreation	4,849	2,566	-	-	(2,283)
Total governmental activities	768,110	347,182	138,438	-	(282,490)
Business-type activities:					
Utility services:					
Water	184,210	359,038	-	-	174,828
Sewer	404,990	106,026	-	-	(298,964)
Sanitation	107,721	175,074	-	-	67,353
Customer service	199,973	3,178	-	-	(196,795)
Total business-type activities	896,894	643,316	-	-	(253,578)
<b>Total primary government</b>	<b>\$ 1,665,004</b>	<b>\$ 990,498</b>	<b>\$ 138,438</b>	<b>\$ -</b>	<b>\$ (536,068)</b>

**Town of Waukomis, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2022**

**Changes in Net Position:**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (282,490)	\$ (253,578)	\$ (536,068)
General revenues:			
Taxes:			
Sales tax	235,947	-	235,947
Use tax	82,956	-	82,956
Franchise taxes	30,898	-	30,898
Alcoholic beverage tax	8,753	-	8,753
Cigarette tax	1,887	-	1,887
Investment income	870	827	1,697
Miscellaneous	3,431	24,675	28,106
Changes in pension obligation	4,373	-	4,373
Transfers - Internal activity, net	9,184	(9,184)	-
Total general revenues and transfers	378,299	16,318	394,617
<b>Change in net position</b>	95,809	(237,260)	(141,451)
<b>Net position-beginning</b>	836,550	568,933	1,405,483
<b>Net position-ending</b>	<u>\$ 932,359</u>	<u>\$ 331,673</u>	<u>\$ 1,264,032</u>

**Town of Waukomis, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash	\$ 177,601
Investments, including time deposits	158,308
Restricted cash	298,148
Taxes receivable	34,565
Fines receivable	7,489
Prepaid assets	75,573
Total assets	<u>\$ 751,684</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 5,710
Salaries and benefits payable	16,531
Total liabilities	<u>22,241</u>
<b>FUND BALANCES</b>	
Restricted	\$ 103
Committed	298,045
Unassigned	431,295
Total fund balances	<u>729,443</u>
Total liabilities and fund balances	<u>\$ 751,684</u>
Total fund balance- total governmental funds	\$ 729,443

Amounts reported for governmental activities in the Statement of Net Position are different because:

Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds:

Capital assets	435,494	
Less: Accumulated depreciation	<u>(213,136)</u>	222,358

Certain long-term liabilities are not due and payable from current financial resources and therefore, are not reported in the funds:

Net pension deferred outflows/(inflows)	(5,541)	
Pension liability	<u>(13,901)</u>	<u>(19,442)</u>

Net positon of governmental activities	<u>\$ 932,359</u>
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**Town of Waukomis, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2022**

	<b>General Fund</b>
<b><u>REVENUES</u></b>	
Sales tax	\$ 235,947
Use tax	82,956
Franchise taxes	30,898
Other taxes	12,623
Licenses and permits	3,544
Fines and forfeitures	339,089
Investment income	870
Charges for services	2,566
Donations	7,605
Intergovernmental	130,834
Miscellaneous	3,430
Total revenues	<u>850,362</u>
<b><u>EXPENDITURES</u></b>	
General government:	
General government	206,615
Total general government	<u>206,615</u>
Public safety and judiciary:	
Police	339,851
Fire	39,009
Animal control	2,290
Municipal court	106,403
Emergency management	3,266
Total public safety and judiciary	<u>490,819</u>
Transportation:	
Streets	15,213
Total transportation	<u>15,213</u>
Recreation:	
Parks	4,849
Total recreation	<u>4,849</u>
Capital outlay	66,418
Total expenditures	<u>783,914</u>
Excess (deficiency) of revenues over expenditures	<u>66,448</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>	
Transfers in/(out)	9,184
Total other financing sources and uses	<u>9,184</u>
Net change in fund balances	75,632
Fund balances - beginning	<u>653,811</u>
Fund balances - ending	<u><u>\$ 729,443</u></u>

**Town of Waukomis, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2022**

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ 75,632
Amounts reported for governmental activities in the Statement of Activities are different because:	

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases	66,418
Depreciation expense	(50,614)

In the statement of activities, the cost of pension benefits earned net of  
employee contributions are reported as an component of pension expense.  
The fund financial statements report pension contributions as expenditures.

4,373

Change in Net Position of Governmental Activities	<u><u>\$ 95,809</u></u>
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**Town of Waukomis, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

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	<b>Public Works Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 547,610
Accounts receivable (net)	69,676
Total current assets	<u>617,286</u>
Restricted assets:	
Cash and cash equivalents	151,319
Total restricted assets	<u>151,319</u>
Noncurrent assets:	
Capital assets (net)	2,375,154
Total noncurrent assets	<u>2,375,154</u>
<b>Total assets</b>	<u><u>\$ 3,143,759</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 3,907
Payroll liabilities	8,359
Bonds payable, current	70,000
Total current liabilities	<u>82,266</u>
Liabilities payable from restricted assets:	
Accrued interest payable	36,170
Customer deposits payable	45,650
Total liabilities payable from restricted assets	<u>81,820</u>
Noncurrent liabilities:	
Bonds payable, non-current	2,648,000
Total noncurrent liabilities	<u>2,648,000</u>
<b>Total liabilities</b>	<u>2,812,086</u>
<b>NET POSITION</b>	
Net investment in capital assets	(342,846)
Restricted	69,499
Unrestricted	<u>605,020</u>
<b>Total net position</b>	<u><u>\$ 331,673</u></u>

**Town of Waukomis, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

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	<b>Public Works Authority</b>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Water charges	\$ 359,038
Sewer charges	106,026
Sanitation charges	175,074
Total charges for services	<u>640,138</u>
Miscellaneous	24,675
Penalty	3,178
Total operating revenues	<u>667,991</u>
<b><u>Operating expenses:</u></b>	
Personal services	162,238
Materials and supplies	36,747
Other services and charges	255,512
Depreciation and amortization	302,677
Total operating expenses	<u>757,174</u>
Net operating income	\$ (89,183)
<b><u>Nonoperating revenue (expense):</u></b>	
Investment income	827
Grant Income	-
Interest expense	(139,720)
Total nonoperating revenue (expense)	<u>(138,893)</u>
<b>Net Income before contributions and transfers</b>	(228,076)
Transfers to other funds, net	<u>(9,184)</u>
<b>Change in net position</b>	(237,260)
Net position-beginning of year	<u>568,933</u>
Net position-end of year	<u><u>\$ 331,673</u></u>

**Town of Waukomis, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	<b>Public Works Authority</b>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 669,222
Payments to suppliers	(301,502)
Payments to employees	(162,018)
<b>Net cash provided (used) by operating activities</b>	<b>205,702</b>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers to other funds	(9,184)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(9,184)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	-
Issuance of capital debt	-
Principal paid on capital debt	(57,000)
Interest paid on capital debt	(139,720)
Capital grants	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(196,720)</b>
<b><u>Cash flows from investing activities:</u></b>	
Investment income	3,317
<b>Net cash provided (used) by investing activities</b>	<b>3,317</b>
Net increase (decrease) in cash and cash equivalents	3,115
Cash and cash equivalents, beginning of the year	695,814
Cash and cash equivalents, end of the year	<b>\$ 698,929</b>
Cash, including time deposits	\$ 547,610
Restricted cash, including time deposits	151,319
Total cash and cash equivalents, end of year	<b>\$ 698,929</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>	
Operating income (loss)	\$ (89,183)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	302,677
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	1,231
Increase (decrease) in accounts payable	(9,243)
Increase (decrease) in intercompany payables	-
Increase (decrease) in wages & benefits payable	220
<b>Net cash provided (used) by operating activities</b>	<b>\$ 205,702</b>

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Town of Waukomis, OK (the "Town") is a Town Board of Trustees form of government with a population of approximately 1,280 located in Garfield County, Oklahoma. The Town is governed by a five-member Board and operates under state law and Town ordinances.

The Town provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and through its Public Works Authority, certain utility services including water, wastewater and sanitation.

***The Reporting Entity***

The Town, for financial purposes, includes all the funds and account groups relevant to the operation of the Town of Waukomis. The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance Town services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the Town. Public trusts created to provide financing services are blended into the Town's primary government as an integral part of Town operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

**Blended Component Units Reported with Primary Government**

Waukomis Public Works Authority (the "Authority") – was created under provision of the Oklahoma Statutes by a Declaration of the Trust dated March 1969. The Town has beneficial interest and the Trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides water, sewer, and trash services to the citizens of Waukomis, OK. Accounts of the Authority are recorded in business-type activities.

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Town has no fiduciary funds.

***Measurement Focus and Basis of Accounting***

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

***Unrestricted Fund Balance***

When an expenditure is incurred for purposes for which amounts in either committed, assigned or unassigned fund balance are available for use, it is the Town's policy to use committed resources first, then assigned, then unassigned resources as needed.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

**C. Fund Types and Major Funds**

**Major Governmental Funds**

***General Fund***

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

**Major Proprietary Funds**

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
<u>Waukomis Public Works Authority</u>	Accounts for the activities of the authority in providing water, sewer, and solid waste services to the public.

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The Town Clerk submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for Town operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the Town Clerk and must be approved by the board of Trustees. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Board of Trustees review and approval process.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, materials and supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Board. Within these control levels, management may transfer appropriations between departments without Board approval.

***Budget Basis of Accounting***

The combined statements of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**E. Assets, Liabilities and Equity**

***Cash and Investments***

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments consist of long-term certificates of deposits and are reported at cost. Short-term investments are reported at cost, which approximates fair value.

***Allowance for Uncollectible Accounts***

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Sales and Use taxes are considered fully collectable. The Town has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance.

***Property, Plant and Equipment***

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

***Government-Wide Statements***

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

• Buildings	20 years
• Other improvements	15 years
• Machinery, furniture & equipment	5 – 7 years
• Infrastructure	20-30 years



***Fund Financial Statement***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

***Long-Term Debt***

In the government-wide and proprietary financial statements, outstanding debt is reported as a liability.

***Equity Classifications***  
***Governmental Fund Balances***

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

**Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

**Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Board, the Town's highest level of decision-making authority,

**Assigned**

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Town Board establishes such items.

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

***Net position***

Both proprietary fund financial statements and government-wide financial statements report net position. Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

**Net investment in capital assets**

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position**

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position**

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

**F. Revenues, Expenditures and Expenses**

***Sales Tax***

The Town levied a 4% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the General fund.

***Charges for Services***

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

***Grants and Contributions***

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

***Interfund Transfers***

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

***Compensated Absences***

Full-time employees are granted vacation benefits in specified amounts to specified maximums depending on tenure with the Town. Vacation leave accrues to full-time employees under a "use it or lose it" policy. Therefore, no vacation liability is accrued. Sick leave accrues up to 80 days. Sick leave is earned under a "use it or lose it" policy.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as local government unit, the Town and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows:

**A. Deficit Fund Net Position/Fund Balance**

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

**B. Budget Requirements**

For the year ended June 30, 2022, the Town complied with budget requirements.

**C. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned, or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**Investments**

The Town invests solely in certificates of deposit.

**Restricted Assets**

Restricted assets consist of the following:

	<u>Restricted Assets</u>
	<u>Cash and</u>
	<u>cash equivalents</u>
<b>Governmental Activities</b>	
Capital Improvements	\$ 48,855
Emergency management	116,487
Council restriction	132,806
	<u>\$ 298,148</u>
<b>Business-type Activities</b>	
Debt service	\$ 88,351
Meter deposits	62,968
	<u>\$ 151,319</u>

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2022 follows:

	<u>Balance at</u>			<u>Balance at</u>
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Machinery, furniture, & equipment	\$ 282,782	\$ 66,418	\$ -	\$ 349,200
Improvements other than land	86,294	-	-	86,294
 Total	 \$ 369,076	 \$ 66,418	 \$ -	 \$ 435,494
Less accumulated depreciation	162,522	50,614	-	213,136
 Fixed assets, net	 <u>\$ 206,554</u>	 <u>\$ 117,032</u>	 <u>\$ -</u>	 <u>\$ 222,358</u>

**TOWN OF WAUKOMIS, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2022 follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Land and construction in process	\$ -	\$ -	\$ -	\$ -
Buildings & structures	3,800	-	-	3,800
Machinery, furniture, & equipment	40,272	-	-	40,272
Utility property and improvements	4,983,282	-	-	4,983,282
 Total	 5,027,354	 -	 -	 5,027,354
Less accumulated depreciation	2,349,523	302,677	-	2,652,200
 Fixed assets, net	 <u>\$ 2,677,831</u>	 <u>\$ (302,677)</u>	 <u>\$ -</u>	 <u>\$ 2,375,154</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$ 15,255
Public Safety	35,359
Total governmental activities depreciation expense	<u>\$ 50,614</u>

Depreciation expense charges to business-type activities:

Sewer	302,297
Water	380
Total business-type activities depreciation expense	<u>\$ 302,677</u>

**C. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2022:

**Business-Type Activities:**

Series 2013 Revenue Bonds issued in October 2013 for \$3,180,000 with proceeds to be used for water and sewer improvements for the Town. Interest rates ranging from 4.0% to 5.5% maturing October 2043. Payments are made monthly to trustee bank, Bank of Oklahoma.

\$ 2,718,000

**TOWN OF WAUKOMIS, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

<u>Type of Debt</u>	<u>Balance at July 1, 2021</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
<i>Bonds Payable</i>					
2013 Revenue bonds payable	2,775,000	-	57,000	2,718,000	70,000
Total business-type activities	<u>\$ 2,775,000</u>	<u>\$ -</u>	<u>\$ 57,000</u>	<u>\$ 2,718,000</u>	<u>\$ 70,000</u>

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2022 follow:

<u>Year Ending June 30</u>	<u>Business-type</u>	
	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2023	70,000	143,369
2024	70,000	140,744
2025	75,000	137,463
2026	80,000	133,394
2027	85,000	129,063
2028-2032	475,000	573,338
2033-2037	635,000	422,713
2038-2042	825,000	226,347
2043	403,000	22,138
Totals	<u>\$ 2,718,000</u>	<u>\$ 1,928,569</u>

**D. INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers for the year ended June 30, 2022 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND		
Public Works Authority	\$ 348,907	\$ 339,723
Total General Fund	<u>348,907</u>	<u>339,723</u>
PUBLIC WORKS AUTHORITY		
General Fund	-	9,184
	<u>-</u>	<u>9,184</u>
GRAND TOTAL	<u>\$ 348,907</u>	<u>\$ 348,907</u>

**(4) RETIREMENT PLANS**

**Oklahoma Municipal Retirement Fund: Defined Benefit Plan**

Plan Description

The Oklahoma Municipal Retirement Fund Employee Retirement System of Waukomis, Oklahoma (the Plan) is a defined benefit retirement plan covering Town employees not covered by other plans. The Town contributes to the OMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The OMRF plan issues a separate financial report and can be obtained from OMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the Town Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by OMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OMRF plans' fiduciary net position is available in the separately issued OMRF financial report.

Eligibility Factors and Benefit Provisions

Provision	July 1, 2021 through June 30, 2022
Eligibility	All regular, full-time employees except police, firefighters, and other employees who are covered under an approved system.
Probationary period	2 months
Employee Contributions	5.25% of pay
Service:	
Credited service	The last period of continuous employment with the employer
Vesting	Credited service plus transferred service from other OMRF employers.
Benefit eligibility	10 or more years of service
Final average compensation	Average of 5 highest consecutive years of salaries out of the last 10 years of service
Accrued benefit	Plan AA 2.625% of final average compensation multiplied by the number of years of credited service.
Normal retirement age	Age 65 with 10 or more years of vesting service
Normal retirement	
Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.
Early retirement	
Eligibility	Termination after age 55 with 10 or more years of vesting service
Benefit	The accrued benefit payable starting at normal retirement age, or the accrued benefit reduced by 5% per year for commencement prior to normal retirement age.
Disability Retirement	
Eligibility	Total and permanent disability after 10 or more years of service
Benefit	The accrued benefit payable upon disablement without reduction for early payment.
Termination Before Retirement Age	
Before vesting	Return of employee contributions, if any, with interest.
After vesting	The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age

**TOWN OF WAUKOMIS, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**In-service Death**

Before vesting	Return of employee contributions, if any, with interest.
After vesting (married participants only)	50% of the accrued benefit is payable to the spouse until death or remarriage
After vesting (other participants)	50% of the accrued benefit is payable for 5 years certain

**Payment options**

Normal form	Monthly lifetime annuity with 5 years certain
Optional forms	Disability retirement benefits paid under normal form.
	Actuarially equivalent optional forms:
	Joint & 50% survivor annuity
	Joint & 66 2/3rds% last survivor annuity
	Joint & 100% survivor annuity

**Cost of living** This plan has not elected the automatic post-retirement cost-of-living adjustments.

**Membership**

Membership in the plan is as follows:

	<u><b>As of July 1, 2021</b></u>
Inactive employees receiving benefits	3
Active participants	7
<b>Total</b>	<u><b>10</b></u>

**Contributions**

Required contribution rates are actuarially measured each year and authorized through Town Ordinance. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. Employees are required to contribute 5.25% of paid salary. For the year ended June 30, 2022, the Town's contribution was 3.71%. Contributions to the pension plan from the Town were \$16,013 for the year ended June 30, 2022.

For the year ended June 30, 2022, the Town did not perform a pension accrual calculation as stated under GASB 68; therefore, no pension liability or asset has been recorded related to the Plan.

**Oklahoma Firefighter Pension and Retirement Plan**

The Town of Waukomis, OK, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Benefits provided** – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**TOWN OF WAUKOMIS, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$1,020 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the Town reported a liability of \$13,901 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information the Town's proportion was 0.002111%.

For the year ended June 30, 2022, the Town recognized pension expense of \$1,205. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,042	\$ 244
Changes of assumptions	-	308
Net difference between projected and actual earnings on pension plan investments	1,367	12,418
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	1,020	-
<b>Total</b>	<b>\$ 7,429</b>	<b>\$ 12,970</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>		
2022	\$	(1,026)
2023		(1,302)
2024		(1,616)
2025		(2,617)
2026		-

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.



**TOWN OF WAUKOMIS, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed income	20%	4.90%
Domestic equity	37%	7.07%
International equity	20%	9.19%
Real Estate	10%	7.99%
Other assets	13%	5.57%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Town's proportionate share of the net pension liability/(asset)	\$ 21,725	\$ 13,901	\$ 7,353

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**(5) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Town is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court assessed judgment rendered against the Town.

While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the Town and the State statute relating to judgments, the Town feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

**B. Grant Program Involvement**

In the normal course of operations, the Town participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**Town of Waukomis, Oklahoma**  
**General Fund**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Revisions</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>REVENUES</b>					
Sales taxes	\$ 210,000	\$ -	\$ 210,000	\$ 235,947	\$ 25,947
Use taxes	67,000	-	67,000	82,956	15,956
Other taxes	10,239	-	10,239	12,623	2,384
Franchise taxes	36,900	-	36,900	30,898	(6,002)
License and permits	3,000	-	3,000	3,544	544
Fines and forfeitures	300,000	-	300,000	339,089	39,089
Investment income	-	-	-	870	870
Charges for services	-	-	-	2,566	2,566
Intergovernmental	12,600	-	12,600	130,834	118,234
Miscellaneous	15,070	-	15,070	11,035	(4,035)
Total revenues	654,809	-	654,809	850,362	195,553
<b>EXPENDITURES</b>					
General government:					
General government	310,000	(90,000)	220,000	211,464	8,536
Total general government	310,000	(90,000)	220,000	211,464	8,536
Public safety and judiciary:					
Police	341,000	110,000	451,000	448,544	2,456
Fire	56,000	-	56,000	42,275	13,725
Total public safety and judiciary	397,000	110,000	507,000	490,819	16,181
Transportation:					
Street	69,000	(20,000)	49,000	26,696	22,304
Total transportation	69,000	(20,000)	49,000	26,696	22,304
Total expenditures	776,000	-	776,000	728,979	47,021
Revenue over (under) expenditures	(121,191)	-	(121,191)	121,383	148,532
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	(55,000)	-	(55,000)	(45,751)	9,249
Net other financing sources (uses)	(55,000)	-	(55,000)	(45,751)	9,249
Revenues and other financing sources over (under) expenditures and other uses	(176,191)	-	(176,191)	75,632	157,781
Fund balance at beginning of year (Non-GAAP budgetary basis)				332,049	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 407,681	
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue, expenditure and transfer accruals				321,762	
Fund balance at end of year (GAAP basis)				<u>\$ 729,443</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Fire Pension Retirement Plan**  
Year Ended June 30, 2022

	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
City's portion of the net pension liability (asset)	0.0029%	0.0026%	0.0023%	0.0021%
City's proportionate share of the net pension liability (asset)	\$ 32,440	\$ 27,824	\$ 27,961	\$ 13,901
City's covered-employee payroll	\$ 6,774	\$ 7,201	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	479%	386%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	100.00%	100.00%	100.00%	100.00%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Fire Pension Retirement Plan**

	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Contractually required contribution	\$ 1,200	\$ 1,140	\$ 1,020	\$ 1,020
Contributions in relation to the contractually required contribution	<u>(1,200)</u>	<u>(1,140)</u>	<u>(1,020)</u>	<u>(1,020)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,774	\$ 7,201	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	17.71%	15.83%	0.00%	0.00%

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Town Board of Trustees  
Town of Waukomis, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Waukomis, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Waukomis, Oklahoma's basic financial statements, and have issued our report thereon dated March 6, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Waukomis, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Waukomis, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Waukomis, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

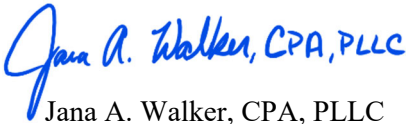
As part of obtaining reasonable assurance about whether Town of Waukomis, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Town of Waukomis, Oklahoma's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Waukomis, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town of Waukomis, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 6, 2023

**TOWN OF WAUKOMIS, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2022**

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**FINDING 2022-001 Lack of Segregation of Duties**

Condition: The Town and Authority do not have adequate segregation of duties for internal control over financial reporting purposes due to a limited amount of personnel.

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the Town's assets and ensure accurate financial reporting.

Cause: The Town's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

Recommendation: Recommend that duties be segregated to the extent possible should new employees be hired or services outsourced.

Response: The Town has administration and has outsourced its financial reporting, payroll procedures, and account reconciliations on a monthly basis to outside accounting consultants to the extent possible.

**TOWN OF WAUKOMIS, OKLAHOMA  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2022**

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**FINDING 2021-001 Lack of Segregation of Duties**

Condition: The Town and Authority do not have adequate segregation of duties for internal control over financial reporting purposes due to a limited amount of personnel.

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the Town's assets and ensure accurate financial reporting.

Cause: The Town's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

Recommendation: Recommend that duties be segregated to the extent possible should new employees be hired or services outsourced.

Current Status: The Town has administration and has outsourced its financial reporting, payroll procedures, and account reconciliations on a monthly basis to outside accounting consultants to the extent possible.

**FINDING 2021-002 Negative Budget Variances**

Condition: The Town had expenditures during the year ended June 30, 2021 in excess of appropriations in the department of general government (\$107,746) and public safety and judiciary (\$25,171).

Criteria: Expenditures are budgeted by department and object class as follows: personal services, other services and charges, materials and supplies, capital outlay, transfers, and debt services. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level.

Cause: The Town did not approve supplemental appropriations and/or transfers prior to expenditure.

Effect or Potential Effect: If all other appropriations had been fully expended, the Town would have created a negative fund balance.

Recommendation: The Town Council should confirm available appropriations prior to approving expenditures. When appropriations are insufficient for an identified need, a budget revision should be approved by the Council prior to approving additional encumbrances or expenditures.

Current Status: The town was in budgetary compliance for the fiscal year.